



Qualified Retirement Plan Distribution Request Packet

Included in this packet:

- ❖ Distribution request form
- ❖ Instructions for completing the form
- ❖ "The Special Tax Notice Regarding Plan Payments"

Plan Name:

Participant Name:

Advisor Name:

Date:

INSTRUCTIONS - QUALIFIED & ELIGIBLE PLAN DISTRIBUTION ELECTION FORM

Use these instructions as guidance in completing the QRP Distribution Request Form. Each item listed below corresponds with the steps on the form and contains important information that you may want to consider before completing and submitting the form for processing. Any incomplete items or sections on the form could delay processing.

Send or submit the completed form to:

Orion Portfolio Solutions – 2300 Litton Lane, Suite 102 | Hebron KY 41048

Fax Number: 859-426-2050

Advisor may submit form securely via a **Work Request** through the **Advisor Portal**

ACCOUNT NUMBER – Please indicate first 7 digits of account number.

SOURCES – please indicate which sources (the last two digits of the account number) from which distribution is being requested from. Separate by commas (,).

PLAN AND PARTICIPANT INFORMATION: Fill out completely (*any incomplete section could deem form to be not in good order and delay processing.*)

- Plan Type – indicate which plan type the distribution election is for by checking one of the boxes. If “Other”- provide plan type.
- Provide all plan and participant information requested (plan name, employer name, participant name, social security number, date of birth, date of termination, address, city, state, zip code, daytime phone, evening phone, e-mail address, plan administrator name, daytime phone, e-mail address).
- Please be aware that if the address provided on the distribution form is different from the address we have on record a separate Qualified Plan Change Form will need to be submitted. The distribution request will be held for 10 business days from the date of the address update.

SECTION 1: REASON FOR DISTRIBUTION/QUALIFYING EVENT

You must indicate a reason for the distribution. Check with the Administrator of your Plan(s) to determine which distribution option(s) are available under the terms of your employer’s plan. Federal tax law and your retirement plan allow distributions only for certain events.

- Attainment of Age 59 ½ - Many 401(k) and 403(b) plans allow participants who are still employed by the employer who sponsors the plan to request a distribution from some or all of the contribution sources in the plan. Some plans such as a qualified money purchase plan may not allow employees to request distributions until the participant is no longer employed with the company.
- Attainment of age 70 ½ - a 457(b) plan may allow participants who are still employed by the employer who sponsors the plan to request a distribution from some or all of the contribution sources in the plan.
- Withdrawal of rollover contributions – Many plans may allow a withdrawal of certain contribution sources, such as a source of money that was rolled into the employer sponsored plan from another employer sponsored plan or qualified IRA account.
- Termination of Employment – also known as separation from service withdrawal. Termination of employment from the plan sponsor from whose plan you are taking the distribution.
- Disability – For elective deferrals in a 401(k) plan or mutual fund value in a 403(b) plan, under internal Revenue Code Section 72(m)(7), an individual is deemed to be disabled if “unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration”.
 - Proof of disability is required in accordance with your plans definition of disability in order to qualify for this withdrawal. The 10% early withdrawal penalty is not imposed on distributions taken due to a disability that meets the definition.
- Beneficiary Withdrawal – This withdrawal is allowable in accordance with the plan rules.
- Purchase of Service Credits – a transfer of account assets for the purpose of purchasing service credits 403(b) and 457(b) plans. This withdrawal has to be executed in accordance with the terms of the employer sponsored plan.
- Other – there may be other types of withdrawal not identified on the form that are allowable by your plan such as; qualified reservist distribution, public safety officer distribution, Deminimus, distributions of special or specific money sources.
- Payment to alternate payee under QDRO (qualified domestic relations order) – Once an alternate payee account has been established, the withdrawal of assets in accordance with a court ordered action can be taken.

SECTION 2: TYPE OF DISTRIBUTION

Fees may apply to distributions. Please note that applicable fees may lower your distribution amount.

- Option 1. A direct rollover to another financial institution. A letter of acceptance or transfer paperwork is required from the receiving institution.
 - Total Distribution – this option should be chosen to rollover your full account balance.
 - Partial Distribution – this option should be chosen to rollover a portion of your account balance.
 - Partial Rollover Amount – please specify the partial dollar amount you would like to rollover.
 - Account type & account Number of receiving institution – specify if the money is rolling to an IRA or Eligible retirement Plan.
 - Provide account #, name of trustee or custodian, payable to and if rolling to an eligible plan the name of the receiving plan.
- Option 2. Cash Distribution – Full or Partial. A partial distribution must be less than 95% of the account value.
 - Partial amount payable to me – The dollar amount listed is the gross amount that will be redeemed.
 - Ongoing/Systematic Distributions – periodic payments – ongoing, regular distributions that are processed on the 15th of the month in accordance with the frequency elected (monthly, quarterly, semi-annual, annual). Your plan specifies the terms of periodic payments. Indicate the amount and start date of this requested distribution type.

SECTION 3. REDEMPTION INSTRUCTION

Chose the redemption method for which you want your asset withdrawal to occur. If this section is left incomplete the assets will be redeemed on a pro-rata basis. a.) withdraw from existing cash position only - will remove assets located in cash investment. b.) redeem pro-rata - will redeem the assets proportionately from all investments in account. c.) redeem following holdings - provide direction in the below boxes as to which specific holdings and specify the percentage or amount to be redeemed from each investment. Only vested amounts will be redeemed and distributed to employee. (If vesting is present in a plan - plan administrator needs to complete Vesting Addendum to Distribution form.)

SECTION 4. TAX WITHHOLDING ELECTION

In accordance with federal tax regulations; 20% of the gross amount is required to be withheld for federal income taxes unless the distribution is a rollover to another qualified plan or traditional IRA. The federal income tax withholding is mandatory if you elect a total cash distribution, partial cash distribution or specific period, if less than 10 years. For more information about income tax withholding for distributions please refer to IRS Form W-4P at www.irs.gov. You may additional income tax withholding in the space provided on the application. The amount entered will be **in addition** to the 20% withholding.

State Tax Withholding - please note that some states require a financial institution to withhold state income taxes. For states that do not have mandatory withholding you may elect an amount to have withheld for state taxes or elect not to have any state tax withheld. We will not withhold state income tax from your distribution if you reside in the following states even if you elect to withhold: AK, FL, HI, NH, NV, SD, TN, TX, WA OR WY.

Non-Resident Alien Withholding - A non-resident alien (NRA) is an individual who is not a U.S. citizen, residing outside the United States. As NRA's, these participants are subject to default withholding of 30%. However these participants may be able to eliminate or reduce this withholding and have the applicable tax treaty rate applied to distributions if a valid Form W-8BEN is submitted. A blank form is available at <http://www.irs.gov/pub/irs-pdf/fw8ben.pdf>. To be valid the W-8BEN must contain a valid tax identification number.

Roth IRA Rollover - a.) If an eligible rollover distribution from an eligible employer plan is rolled over to a Roth IRA and the distribution is not made from a designated Roth account, then the amount that would be includible in gross income were it not part of a qualified rollover contribution is included in the distributee's gross income for the year of the distribution. b.) *Rollovers to a Roth IRA of distributions made from a designated Roth account.* If an eligible rollover distribution made from a designated Roth account in an eligible employer plan is rolled over to a Roth IRA, the amount rolled over is not includible in the distributee's gross income, whether or not the distribution is a qualified distribution from the designated Roth account.

Roth Accounts - If you receive a distribution from a Roth Source and it is not rolled over to a Roth IRA or another Roth account, the earnings on the Roth source are taxable income unless the distribution is a qualified distribution.

Actual value of distribution may vary based on final market closing price at the time the distribution is processed and any applicable processing fees. An eligible rollover distribution is paid from your retirement plan to an IRA or new Employer's plan. An IRS form 1099-R will still be completed and submitted to the IRS; however, no federal or state income tax is withheld from amounts directly rolled over.

INFORMATION: You should carefully review the Special Tax Notice Regarding Plan Payments. Additional detailed taxation information is available on the IRS web site and on state revenue department web sites.

SECTION 5. METHOD OF PAYMENT

A voided check is required for ACH or Wire payment. If voided check is not included with distribution request; a check will be sent regular mail to the address of record. Options: a.) Mail check to address of record - You should receive your check in 7 to 10 business days from the date of distribution. b.) Overnight Delivery of Check - Checks sent via overnight express service cannot be delivered to a P.O. Box. Overnight delivery is available only in the United States. You should receive your check in 4 to 5 business days from the date of distribution. c.) ACH to bank account - You should see your money deposited in your account the day following the date of distribution. d.) Wire to bank account - You should see your money deposited within 4 to 5 business days from the date of distribution. Applicable fees apply to method of payment.

Alternate payee or Alternate address: If you request a check to be sent to an alternate payee or alternate address - a check will be made payable "For the Benefit (FBO)" of the account owner. A letter of acceptance or transfer instructions must accompany the distribution request form.

If you are transferring to one of your OPS accounts - record account number.

SECTION 6. SIGNATURES

Your signature and date is required in order to process the requested distribution.

Although you may no longer be employed by the plan sponsor, or if you are a beneficiary or an alternate payee - you are still required to obtain employer approval. Distribution forms must be sent to the plan sponsor or authorized 3rd party administrator for signature.

For 403(b) employee contributory only accounts - the plan sponsor still needs to acknowledge receipt of distribution form by signing and dating the form.

TO AVOID POSSIBLE DELAYS, PLEASE ENSURE THAT THE INDIVIDUAL SIGNING YOUR DISTRIBUTION FORM ON BEHALF OF THE PLAN SPONSOR IS AUTHORIZED TO DO SO.

Addendum: Vesting

The following addendum is to be completed for any plan that has a vesting schedule. In order to process a distribution for the correct amount, vesting information must be provided.

Plan Name and Plan Number: _____

Participant Name _____ Social Security # _____

Hire Date _____ Participation Date _____ Termination _____

Money Source(s) Subject to Vesting

Source _____

Employee vested percentage _____ % or Amount \$ _____

Describe vesting schedule: _____

Example: 3 year cliff, 6 year graded, 100% vested - Safe harbor

Source _____

Employee vested percentage _____ % or Amount \$ _____

Describe vesting schedule: _____

Example: 3 year cliff, 6 year graded, 100% vested - Safe harbor

Plan Administrator Signature

Date

Account Number (first 7 digits of account number): ex.) 1234567: _____

Sources (last 2 digits of account number; Separate with comma or write "All" if applicable):

ex.) **-01, -02, -05** _____

Plan & Participant Information

Plan Type: 401(k) Solo 401(k) 401(a) Pension 403(b) 403(b) ERISA 457 Other: _____

Plan Name _____ Employer Name _____ Date of Termination (if applicable) _____

Participant Name _____ Social Security Number _____ Date of Birth _____

Address _____ City _____ State _____ Zip _____

Daytime Phone _____ Evening Phone _____ E-mail Address _____

Plan Administrator Name _____ Daytime Phone _____ E-mail Address _____

1. REASON FOR DISTRIBUTION/QUALIFYING EVENT

- Age 59.5 (if allowed by plan) Age 70.5 - 457(b) (if allowed by plan) Withdrawal of rollover contributions (if allowed by plan)
- Termination of employment Disability (as determined by plan) - Attach documentation
- Required Minimum Distribution (RMD) Beneficiary withdrawal Purchase of service credits
- OTHER (*describe*) _____

2. TYPE OF DISTRIBUTION - COMPLETE option 1, or 2 below.

Option 1. Direct Rollover to another financial institution **(Letter of acceptance is required.)**

Total Distribution Partial Distribution Gross Amount \$ _____ (Complete Section 3 below.)

Account Type & Account Number at receiving institution:

IRA Account # _____ Name of trustee or custodian _____

Eligible Retirement Plan 401(a), 401(k), 403(b), 457(b). Payable to: _____ Name of Receiving Plan: _____

Option 2. Cash Distribution (**Gross amount required.**)

Total Distribution Partial Distribution (one-time) Gross Amount \$ _____ (Complete Section 3 below.)

Systematic Distributions (Payments made on or about the 15th of each month. Complete Section 3 below.)

Periodic Amount (Gross Amt) \$ _____ Mark here if these instructions are an update to existing instructions

Start date: _____(MM)/_____(YYYY)

Frequency: Monthly Quarterly Semi-annual Annual

- Notes:
- I understand that the gross amount requested may be subject to 20% federal income tax withholding.
 - For withdrawal requests of 95% of the account value or greater, OPS will liquidate 100% of the account due to potential market fluctuation. Any remaining funds will be allocated to cash.
 - For Total Distributions, all holdings will be liquidated and the account closed. A \$75 closing fee will be assessed.

3. REDEMPTION INSTRUCTION - (for Partial and Systematic Withdrawals ONLY)

- Withdraw from existing cash position only
- Redeem holdings pro-rata
- Redeem following holdings (only available for self-directed accounts):

Please note that if no redemption instructions are indicated, we will default to pro-rata.

Ticker Symbol	Fund Name	Percentage or \$ Amount

4. TAX WITHHOLDING ELECTION

Federal Tax Withholding: 20% of gross amount is required to be withheld for federal income taxes (unless otherwise specified for RMD ONLY) RMD - _____% tax withholding Additional tax withholding above 20%. _____%

State Tax Withholding:

If you are a resident of one of the states below, check the appropriate box and indicate your withholding election, if applicable. All state withholding will be rounded to the nearest whole dollar.

If you do not make an election, we will automatically apply withholding at the maximum rate based on your state of residency.

Residents of IA, MA, ME, OK or NE will have state taxes withheld when federal withholding applies.

Residents of CA, CT*, DE, KS, MI*, NC*, OR, or VT will have state taxes withheld when federal withholding applies unless otherwise elected. These residents may elect to have state withholding while electing out of federal withholding.

- Withhold _____% for state income tax Do not withhold state income tax

*MI, CT, and NC residents: A mandatory minimum state withholding is required on ALL distributions. You may only opt out of state withholding if a W4P form is received with this distribution request.

** We will not withhold state income tax from your distribution if you reside in the following states even if you elect to withhold: AK, FL, HI, NH, NV, SD, TN, TX, WA, WY

5. METHOD OF PAYMENT (Attach voided check for Wire or ACH)

- Mail check to address of record* Overnight check delivery* ACH to bank account Wire to bank account*
- Disbursement fees: Check - \$5 / Overnight Delivery - \$35 / Wire Transfer - \$20 / ACH - No Charge*

Name on Bank Account (list name as it appears): _____

Bank Account Number: _____ | ABA Routing Transit Number: _____

Bank Name: _____

- Alternate Payee/Address - attach Letter of Acceptance or Transfer instructions.

Alternate Payee: _____

Alternate Address: _____

- Transfer to my OPS non-retirement account # _____ Direct Rollover to my OPS retirement account # _____

6. SIGNATURES

I understand that if I have an outstanding loan (if plan permits) and the loan is not paid in full prior to submitting this distribution form, the outstanding loan balance will be defaulted and become taxable to me in the year that this distribution is processed.

I understand that if I will be receiving a series of periodic payments over a period of less than 10 years, my election will apply to all subsequent distributions of that series unless I make a new election with respect to the subsequent payments.

If this is a direct rollover to an Eligible Retirement Plan that is not a 401(a) plan, I also certify that I have separated from service with my employer or I have attained age 59 ½ or am otherwise disabled.

Furthermore, my signature below certifies that:

- I have received and read "The Special Tax Notice Regarding Plan Payments" (402f), pages 1-4 of this form.
- I understand that once this paperwork is submitted for a full distribution due to termination/ retirement my account will be closed. If this paperwork is submitted for a full distribution prior to receipt of my final payroll contribution, additional paperwork will be required.

Account Owner/ Participant (Signature)

Date

Please return to Plan Administrator or 3rd Party Administrator for further processing and submission
(IN ACCORDANCE WITH ORION PORTFOLIO SOLUTIONS COMPLIANCE PROCEDURES - DISTRIBUTION REQUESTS RECEIVED WITHOUT THE SIGNATURE OF AN AUTHORIZED REPRESENTATIVE OF THE PLAN WILL NOT BE PROCESSED.)

By signing below, I hereby authorize Orion Portfolio Solutions to process the distribution. I have provided all additional required information (such as vesting percentage or amount, disability documentation, etc.). This request is in compliance with plan provisions.

Print Name of Plan Administrator, Trustee or Authorized Signer

Date

Signature of Plan Administrator, Trustee or Authorized Signer

Date

(The below should only be utilized for an employee contributory-only non-ERISA 403(b) plan.)

This is a non-ERISA 403(b) plan. I acknowledge only that I have received this paperwork from the account owner/participant and am forwarding this for processing. The account owner/participant represents that this is in compliance with plan provisions.

Signature of Authorized Signer

Date

SPECIAL TAX NOTICE REGARDING PLAN PAYMENTS

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Plan is eligible to be rolled over to either an IRA or an employer plan; or if your payment is from a Designated Roth Account to a Roth IRA or Designated Roth Account in an employer plan. This notice is intended to help you decide whether to do such a rollover.

This notice describes the rollover rules that apply to payments from the Plan. To the extent that the rules differ based on whether the payment is from a Designated Roth Account or from an account that is Not a Designated Roth Account, those differences will be identified in each section of this notice.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

Specific Plan Rules may apply to some provisions of your plan – review the plan document or contact your plan sponsor if you have specific questions about a specific provision.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

Not a Designated Roth Account:

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you may not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies). If you do a rollover to a Roth IRA, any amounts not previously included in your income will be taxed currently (see the section below titled "If you roll over your payment to a Roth IRA [Not a Designated Roth Account]").

Designated Roth Account:

After-tax contributions included in a payment from a Designated Roth Account are not taxed, but earnings might be taxed. The tax treatment of earnings included in the payment depends on whether the payment is a qualified distribution. If a payment is only part of your Designated Roth Account, the payment will include an allocable portion of the earnings in your Designated Roth Account.

If the payment from the Plan is not a qualified distribution and you do not do a rollover to a Roth IRA or a Designated Roth Account in an employer plan, you will be taxed on the earnings in the payment. If you are under age 59½, a 10% additional income tax on early distributions will also apply to the earnings (unless an exception applies). However, if you do a rollover, you will not have to pay taxes currently on the earnings and you will not have to pay taxes later on payments that are qualified distributions.

If the payment from the Plan is a qualified distribution, you will not be taxed on any part of the payment even if you do not do a rollover. If you do a rollover, you will not be taxed on the amount you roll over and any earnings on the amount you roll over will not be taxed if paid later in a qualified distribution.

A qualified distribution from a Designated Roth Account in the Plan is a payment made after you are age 59½ (or after your death or disability) and after you have had a Designated Roth Account in the Plan for at least 5 years. In applying the 5-year rule, you count from January 1 of the year your first contribution was made to the Designated Roth Account. However, if you did a direct rollover to a Designated Roth Account in the Plan from a Designated Roth Account in another employer plan, your participation will count from January 1 of the year your first contribution was made to the Designated Roth Account in the Plan or, if earlier, to the Designated Roth Account in the other employer plan.

Where may I roll over the payment?

Not a Designated Roth Account:

You may roll over the payment to either a traditional IRA (an individual retirement account or individual retirement annuity) or an employer plan [a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan] that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

If your plan provides for a Designated Roth Account, it may also allow in-plan Roth conversions of amounts not currently held in the Designated Roth Account. See the section below titled "If your plan allows in-plan Roth conversions" for more information.

Designated Roth Account:

You may roll over the payment to either a Roth IRA (a Roth individual retirement account or Roth individual retirement annuity) or a Designated Roth Account in an employer plan [a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan] that will accept the rollover. The rules of the Roth IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the Roth IRA or employer plan (for example, no spousal consent rules apply to Roth IRAs and Roth IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the Roth IRA or the Designated Roth Account in the employer plan. In general, these tax rules are similar to those described elsewhere in this notice, but differences include:

- If you do a rollover to a Roth IRA, all of your Roth IRAs will be considered for purposes of determining whether you have satisfied the 5-year rule (counting from January 1 of the year for which your first contribution was made to any of your Roth IRAs).
- If you do a rollover to a Roth IRA, you will not be required to take a distribution from the Roth IRA during your lifetime and you must keep track of the aggregate amount of the after-tax contributions in all of your Roth IRAs (in order to determine your taxable income for later Roth IRA payments that are not qualified distributions).
- Eligible rollover distributions from a Roth IRA can only be rolled over to another Roth IRA.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan, or if your payment is from a Designated Roth Account, to your Roth IRA or Designated Roth Account in an employer plan. You should contact the IRA or Roth IRA custodian or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit within 60 days according to the rules below:

Not a Designated Roth Account:

You may make a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies). If you do a rollover of only a portion of the payment made to you, any nontaxable amounts are treated as being rolled over last.

Designated Roth Account:

You may make a deposit within 60 days into a Roth IRA, whether the payment is a qualified or nonqualified distribution. In addition, you can do a rollover by making a deposit within 60 days into a Designated Roth Account in an employer plan if the payment is a nonqualified distribution and the rollover does not exceed the amount of the earnings in the payment. You cannot do a 60-day rollover to an employer plan of any part of a qualified distribution. If you receive a distribution that is a nonqualified distribution and you do not roll over an amount at least equal to the earnings allocable to the distribution, you will be taxed on the amount

of those earnings not rolled over, including the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies). If you do a rollover of only a portion of the payment made to you, any nontaxable amounts are treated as being rolled over last.

If you do not do a direct rollover and the payment is not a qualified distribution, the Plan is required to withhold 20% of the earnings for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover to a Roth IRA, you must use other funds to make up for the 20% withheld.

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)
- Hardship Distributions
- Unforeseeable Emergency Withdrawals
- Corrective distributions of contributions that exceed tax law limitations
- Loans treated as deemed distributions (for example, loans in default due to missed payments before your employment ends)
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- ESOP Dividends & Amounts treated as distributed because of a prohibited allocation of S corporation stock under an ESOP (also, there will generally be adverse tax consequences if you roll over a distribution of S corporation stock to an IRA).

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments from a governmental defined benefit pension plan made after you separate from service if you are a public safety employee and you are at least age 50 in the year of the separation
- Payments made due to disability
- Payments after your death
- Payments of ESOP dividends
- Corrective distributions of contributions that exceed tax law limitations
- Cost of life insurance paid by the Plan
- Contributions made under special automatic enrollment rules that are withdrawn pursuant to your request within 90 days of enrollment
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

Not a Designated Roth Account:

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed above applies.

Designated Roth Account:

If a payment is not a qualified distribution *and* you are under age 59½, you will have to pay the 10% additional income tax on early distributions *with respect to the earnings allocated to the payment* that you do not roll over (including amounts withheld for income tax), unless one of the exceptions listed above applies.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

If I do a rollover to a Roth IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from a Roth IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions on the earnings paid from the Roth IRA, unless an exception applies or the payment is a qualified distribution. In general, the exceptions to the 10% additional income tax for early distributions from a Roth IRA listed above are the same as the exceptions for early distributions from a plan. However, there are a few differences for payments from a Roth IRA, including:

- There is no special exception for payments after separation from service.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to a Roth IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS

If your payment includes after-tax contributions (Not a Designated Roth Account)

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is generally included in the payment. If you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs).

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover [and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan]. You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over. If you do a rollover of only a portion of the payment made to you, the nontaxable amounts are treated as being rolled over last.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

If your payment includes employer stock that you do not roll over

Not a Designated Roth Account:

If you do not do a rollover, you can apply a special rule to payments of employer stock (or other employer securities) that are either attributable to after-tax contributions or paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock will not be taxed when distributed from the Plan and will be taxed at capital gain rates when you sell the stock. Net unrealized appreciation is generally the increase in the value of employer stock after it was acquired by the Plan. If you do a rollover for a payment that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the payment), the special rule relating to the distributed employer stock will not apply to any subsequent payments from the IRA or employer plan. The Plan administrator can tell you the amount of any net unrealized appreciation.

Designated Roth Account:

If you receive a payment that is not a qualified distribution and you do not roll it over, you can apply a special rule to payments of employer stock (or other employer securities) that are paid in a lump sum after separation from service (or after age 59½, disability, or the participant's death). Under the special rule, the net unrealized appreciation on the stock included in the earnings in the payment will not be taxed when distributed to you from the Plan and will be taxed at capital gain rates when you sell the stock. If you do a rollover to a Roth IRA for a nonqualified distribution that includes employer stock (for example, by selling the stock and rolling over the proceeds within 60 days of the distribution), you will not have any taxable income and the special rule relating to the distributed employer stock will not apply to any subsequent payments from the Roth IRA or employer plan. Net unrealized appreciation is generally the increase in the value of the employer stock after it was acquired by the Plan. If you receive a payment that is a qualified distribution that includes employer stock and you do not roll it over, your basis in the stock (used to determine gain or loss when you later sell the stock) will equal the fair market value of the stock at the time of the payment from the Plan.

If you have an outstanding loan that is being offset

If you have an outstanding loan from the Plan, your Plan benefit may be offset by the amount of the loan, typically when your employment ends. The loan offset amount is treated as a distribution to you at the time of the offset.

Not a Designated Roth Account:

The outstanding loan will be taxed (including the 10% additional income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the loan offset to an IRA or employer plan.

Designated Roth Account:

If the distribution is a nonqualified distribution, the earnings in the loan offset will be taxed (including the 10% additional

income tax on early distributions, unless an exception applies) unless you do a 60-day rollover in the amount of the earnings in the loan offset to a Roth IRA or Designated Roth Account in an employer plan.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936, and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the taxable portion of the payment might apply to you.

For more information, see IRS Publication 575, Pension and Annuity Income.

If your payment is from a governmental section 457(b) plan

If the Plan is a governmental section 457(b) plan, the same rules described elsewhere in this notice generally apply, allowing you to roll over the payment to an IRA or an employer plan that accepts rollovers. One difference is that, if you do not do a rollover, you will not have to pay the 10% additional income tax on early distributions from the Plan even if you are under age 59½ (unless the payment is from a separate account holding rollover contributions that were made to the Plan from a tax-qualified plan, a section 403(b) plan, or an IRA). However, if you do a rollover to an IRA or to an employer plan that is not a governmental section 457(b) plan, a later distribution made before age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies). Other differences are that you cannot do a rollover if the payment is due to an "unforeseeable emergency" and the special rules under "If your payment includes employer stock that you do not roll over" and "If you were born on or before January 1, 1936" do not apply.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance

If the Plan is a governmental plan, you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income plan payments or, in the case of a payment from a Designated Roth Account, nonqualified distributions, paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA (Not a Designated Roth Account)

If you roll over the payment to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover). For payments from the Plan during 2010 that are rolled over to a Roth IRA, the taxable amount can be spread over a 2-year period starting in 2011.

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, Individual Retirement Arrangements (IRAs).

You cannot roll over a payment from the Plan that is not from a Designated Roth Account to a Designated Roth Account in another employer plan.

If your Plan allows in-plan Roth conversions

If your Plan allows in-plan Roth conversions, and you roll over the payment to a Designated Roth Account in the plan, the amount of the payment rolled over (reduced by any after-tax amounts directly rolled over) will be subject to income taxes. However, the 10% additional tax on early distributions will not apply (unless you take

the amount rolled over out of the Designated Roth Account within the 5-year period that begins on January 1 of the year of the rollover).

If you roll over the payment to a Designated Roth Account in the plan, later payments from the Designated Roth Account that are qualified distributions will not be taxed (including earnings after the rollover). See the section titled "Designated Roth Account" under the heading "General Information About Rollovers", above, for more information on qualified distributions.

Your plan may provide for a special withdrawal option which is only available if you are electing an in-plan Roth conversion, in which case the other rollover information in this notice is not applicable to that withdrawal.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice.

However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If the payment is from a Designated Roth Account, whether the payment is a qualified distribution generally depends on when the participant first made a contribution to the Designated Roth Account in the Plan.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice.

Not a Designated Roth Account:

If you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

Designated Roth Account:

If you choose to do a rollover to a Roth IRA, you may treat the Roth IRA as your own or as an inherited Roth IRA. A Roth IRA you treat as your own is treated like any other Roth IRA of yours, so that you will not have to receive any required minimum distributions during your lifetime and earnings paid to you in a nonqualified distribution before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies).

If you treat the Roth IRA as an inherited Roth IRA, payments from the Roth IRA will not be subject to the 10% additional income tax on early distributions. An inherited Roth IRA is subject to required minimum distributions. If the participant had started taking required minimum distributions from the Plan, you will have to receive required minimum distributions from the inherited Roth IRA. If the participant had not started taking required minimum distributions, you will not have to start receiving required minimum distributions from the inherited Roth IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, you have the option to do a direct rollover to an inherited IRA or, if the payment is from a Designated Roth Account, you have the option to do a direct rollover to an inherited Roth IRA. Payments from the inherited IRA, or from the inherited Roth IRA (even if made in a nonqualified distribution) will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA and/or Roth IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment as described in this notice). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, U.S. Tax Guide for Aliens, and IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Entities.

Other special rules

- If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).
- If your payments for the year are less than \$200 (payments from Designated Roth Accounts and from accounts that are not Designated Roth Accounts are not aggregated for purposes of the \$200 limit), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

Mandatory Cashout

Not a Designated Roth Account:

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a Designated Roth Account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the Plan as a result of a prior rollover made to the Plan).

Designated Roth Account:

Unless you elect otherwise, a mandatory cashout from the Designated Roth Account in the Plan of more than \$1,000 will be directly rolled over to a Roth IRA chosen by the Plan administrator. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the Plan as a result of a prior rollover made to the Plan).

- You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, Armed Forces' Tax Guide.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, Pension and Annuity Income; IRS Publication 590, Individual Retirement Arrangements (IRAs); and IRS Publication 571, Tax-Sheltered Annuity Plans [403(b) Plans]. These publications are available from a local IRS office, on the Web at www.irs.gov, or by calling 1-800-TAX-FORM.